

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 3381 – SB 3248

March 5, 2012

**SUMMARY OF AMENDMENT (013319):** Authorizes a bed and breakfast business, with approximately 10,000 square feet located in the Long Branch portion of Dale Hollow Lake in Clay County, to sell alcoholic beverages for on-premise consumption. Authorizes a hotel, registered as a National Historic Landmark within a central business district in Knox County containing over 25 rooms, to sell alcoholic beverages for on-premise consumption.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue - \$300/One-Time/ABC Fund  
\$2,000/Recurring/ABC Fund  
Not Significant/Recurring/General Fund

Increase State Expenditures – Not Significant

Increase Local Revenue – Not Significant  
Increase Local Expenditures – Not Significant

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Revenue - \$600/One-Time/ABC Fund  
\$4,000/Recurring/ABC Fund  
Not Significant/Recurring/General Fund

Increase State Expenditures – Not Significant

Increase Local Revenue – \$300/Recurring  
Increase Local Expenditures – Not Significant

Assumptions applied to amendment:

- This bill only applies to one establishment located in Clay County and one establishment located in Knox County.
- There is a \$300 initial license application fee and an annual \$2,000 permit fee to the State Alcohol Beverage Commission (ABC) Fund; therefore, a one-time increase in

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revenue to the ABC Fund of \$600 (\$300 application fee x 2 entities), and a recurring increase in revenue to the ABC Fund of \$4,000 (\$2,000 permit fee x 2 entities).

- No additional personnel or resources will be required by ABC.
- Clay County does not impose a privilege tax.
- The City of Knoxville imposes a \$300 alcohol privilege tax on liquor-by-the-drink establishments per year; therefore, a recurring increase in local revenue of \$300 per year.
- The entity will be required to collect and remit state and local sales tax on alcoholic beverage sales, a 15 percent liquor-by-the-drink tax on each alcoholic beverage sold, and any applicable county or city privilege tax. Given this bill applies to only two establishments, any increases in state and local revenue is considered not significant.

### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

/jdb